

D R A F T

SUMMARY

Requires nonprofit corporations that meet certain requirements, including receipt of public funds, to comply with open meetings law and public records law, to post copy of corporation's proposed annual budget to corporation's public website and to submit to and cooperate with audit. Subjects members of corporation's board of directors and officers and employees of corporation to government ethics standards.

Becomes operative January 1, 2022.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to nonprofit corporations that receive public funds; and prescribing
3 an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2021 Act is added to and made a part**
6 **of ORS chapter 65.**

7 **SECTION 2. (1) As used in this section:**

8 **(a) "Public body" has the meaning given that term in ORS 174.109.**

9 **(b) "Public funds" means funds that an officer or employee of this**
10 **state or of a political subdivision or municipal corporation of this state**
11 **has custody of or controls by law or by virtue of the officer's or**
12 **employee's office.**

13 **(2) A corporation that engages in business in this state is subject**
14 **to the requirements of subsection (3) of this section if the corporation:**

15 **(a) Has gross annual revenues of more than \$100,000 or has 25 or**
16 **more full-time or part-time employees;**

17 **(b) Receives public funds in any amount or receives a public benefit**

1 in the form of a tax credit or tax deduction that is available only to
2 a corporation organized under this chapter; and

3 (c)(A) Performs a governmental function by means of a contract
4 or another written delegation of a governmental function; or

5 (B) Sets or implements a policy that controls or influences an ex-
6 penditure, disbursement or distribution of public funds or that desig-
7 nates a recipient of public funds.

8 (3)(a) A corporation described in subsection (2) of this section shall:

9 (A) Hold meetings of the corporation's board of directors in ac-
10 cordance with ORS 192.610 to 192.690.

11 (B) Post a copy of the corporation's proposed annual budget on the
12 corporation's public website at least 30 days before the corporation
13 takes action to adopt the budget. The budget must identify the source
14 of any public funds in the budget and the expenditures the corporation
15 proposes to make from the public funds.

16 (C) Submit to and cooperate with audits of the corporation's fi-
17 nances conducted by the Secretary of State or the public body that
18 provided the corporation with public funds or by designees of the
19 Secretary of State or the public body.

20 (D) Make records that the corporation keeps under ORS 65.771
21 available in accordance with ORS 192.311 to 192.478, except that the
22 corporation may redact from a record information that personally
23 identifies a member or employee of the corporation, other than by first
24 and last name, before disclosing a record.

25 (b) A member of the board of directors of a corporation described
26 in subsection (2) of this section, or an officer or employee of the cor-
27 poration, in addition to and not in lieu of provisions in this chapter
28 that govern the board member's, officer's or employee's conduct with
29 respect to the corporation, including but not limited to ORS 65.357,
30 65.361, 65.364, 65.367, 65.369 and 65.377, is subject to the provisions of
31 ORS chapter 244. To the extent that a conflict exists between a pro-

1 **vision of ORS chapter 65 identified in this paragraph and a provision**
2 **of ORS chapter 244, the provisions of ORS chapter 65 identified in this**
3 **paragraph control.**

4 **(4) A public body that provides a corporation with public funds or**
5 **a public benefit described in subsection (2)(b) of this section shall**
6 **monitor the corporation's compliance with subsection (3) of this sec-**
7 **tion. The public body may designate or enter into an agreement with**
8 **another public body to carry out the public body's responsibilities un-**
9 **der this subsection.**

10 **(5)(a) A corporation described in subsection (2) of this section that**
11 **does not comply with the provisions of subsection (3) of this section,**
12 **at the discretion of the public body that provided the corporation with**
13 **public funds or a public benefit described in subsection (2)(b) of this**
14 **section, is subject to:**

15 **(A) A demand for repayment of public funds or the equivalent value**
16 **of a public benefit described in subsection (2)(b) of this section that**
17 **the corporation received from the public body; and**

18 **(B) A denial of public funds or a public benefit described in sub-**
19 **section (2)(b) of this section for a period of 10 years.**

20 **(b) A public body that provides a corporation with public funds or**
21 **a public benefit described in subsection (2)(b) of this section may enter**
22 **into an assurance of voluntary compliance with the corporation before**
23 **imposing a sanction described in paragraph (a) of this subsection.**

24 **(c) The Secretary of State shall, under ORS 65.647, administratively**
25 **dissolve a corporation that shows a pattern of repeated violations of**
26 **subsection (3) of this section or that fails to comply with the terms**
27 **of an assurance of voluntary compliance that a public body negotiates**
28 **with the corporation.**

29 **(d) A member of the board of directors or an officer of a corporation**
30 **that the Secretary of State administratively dissolves under paragraph**
31 **(c) of this subsection may not serve as a member of the board of di-**

1 **rectors or an officer of another corporation for a period of not less**
2 **than 10 years. The Secretary of State by rule shall specify procedures**
3 **for enforcing the provision described in this paragraph.**

4 **SECTION 3. (1) Section 2 of this 2021 Act becomes operative Janu-**
5 **ary 1, 2022.**

6 **(2) The Secretary of State and a public body that provides public**
7 **funds or a public benefit described in section 2 (2)(b) of this 2021 Act**
8 **may adopt, as appropriate, rules, resolutions or ordinances before the**
9 **operative date specified in subsection (1) of this section that are nec-**
10 **essary to enable the Secretary of State or the public body to undertake**
11 **and exercise, on and after the operative date specified in subsection**
12 **(1) of this section, all of the duties, functions and powers conferred**
13 **on the Secretary of State or the public body by section 2 of this 2021**
14 **Act.**

15 **SECTION 4. This 2021 Act takes effect on the 91st day after the date**
16 **on which the 2021 regular session of the Eighty-first Legislative As-**
17 **sembly adjourns sine die.**

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